

SENATE BILL 3181  
By Cooper

AN ACT to amend Tennessee Code Annotated, Title 3;  
Title 4; Title 8; Title 54; Title 55; Title 65 and Title  
67, relative to railroads.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-340, is amended by deleting the section in its entirety and by substituting instead the following:

**§67-6-340.**

(a) Notwithstanding the reduced rate for purchases by common carriers, there are exempt from the sales and use tax railroad track materials and locomotive radiators purchased in this state by railroads for use outside this state.

(b) Persons seeking to make exempt purchases as provided in this section shall apply to the commissioner for a certificate as provided in §67-6-529. In order to obtain the exemption, a copy of the certificate provided for by this section must be given by the railroad to each dealer from which it intends to make exempt purchases.

(c) On or before June 30, 2007, if a dealer sells railroad track materials or locomotive radiators exempt from tax based on a certificate when the dealer knows, or should know in the use of ordinary care, that the materials or radiators the dealer is selling are not for use outside this state, then the dealer shall be liable for tax at the full rate provided by §67-6-202.

(d) If a railroad fails to keep records as required by the commissioner to establish that railroad track materials or locomotive radiators purchased exempt

from tax were not used in this state, but were removed from this state for use and consumption outside this state, then the railroad shall be liable for tax on such materials or radiators at the full rate provided by §67-6-203, regardless of whether such railroad had previously obtained a certificate as provided by this section.

SECTION 2. This act shall take effect July 1, 2006, the public welfare requiring it.